OMNIBUS
COMPUTER GRAPHICS

1985 THIRD QUARTERLY REPORT
(Three months ended June 30, 1985)

To the Shareholders
OMNIBUS COMPUTER GRAPHICS INC

ACHIEVEMENT OF FORECAST

We are pleased to report that your Company has achieved its sales forecast again for the third quarter ended June 30th. Revenues reached $1.7 million or TRIPLE the revenues for the same quarter in 1984 and were up 31% over the last quarter. This quarter represented the completion of several major contracts that broke new ground in computer imagery. These included the Bank of Mexico, Shell Oil and CTV Network promotion. In addition, the Company played host in Hollywood to over 300 directors, producers and designers with a special showing of the new Paramount Pictures Corporation film "Explorers". The computer-generated dream sequences produced by Omnibus in Vistavision[c] were reviewed by the media as a wonderful opening to the film.

NEW CONTRACTS

As a result of the Explorers preview, we have been invited to bid on $15.0 million of computer-generated projects for the Los Angeles motion picture market. Other productions signed during the quarter include the opening sequence for the Disney Channel and the production of the "new look" for the CBS Television Network in the USA and the CBC English & French Television Networks in Canada.

OPERATING RESULTS

Operating profit of 6.6 cents per share or $280,000 for the quarter ended June 30th was TRIPLE that of the previous quarter and was a $595,000 improvement over the $315,000 operating loss for the same quarter last year. After allowances for interest of $246,000, depreciation of $273,000 and a tax recovery of $147,000, consolidated after tax loss was $92,000 compared to $410,000 in the June 30th quarter last year. This improvement follows the forecasted trend to profits as new sales by the USA facilities investment begin to contribute to the Company's performance.

Under a new loan agreement with U.S. Concord, Inc., a United States leasing institution, the Company repurchased and cancelled a debenture that was convertible into 220,000 shares held by Unitel Video, Inc..

NEW MARKETS

During the quarter, the Company completed the first project in a potential new and large market for real estate developments. A five minute film was prepared for Campeau Corporation featuring a 3D simulation of a tour of the new SCOTIA PLAZA which is under construction in downtown Toronto. This approach allows the developer to give a prospective tenant a "preview" of the interior of the building which is not possible from the traditional method of building miniature models or using artists' renderings. As well, Omnibus has appointed an agent in Europe to assist the Company's management in granting exclusive licenses to establish the OMNIBUS WORLDWIDE GRAPHICS NETWORK.

NEXT QUARTER

We enter the final quarter with over $1.0 million in Work-in-Progress, anticipation of commencing work on a major motion picture, creation of a new association with the University of Southern California Computer Center, completion of the upgrade of the F-1 computer system, and the anticipated sale of our first European license.

In other news, a recent new member of our creative staff, Richard Baily joins Art Durinski as the second Omnibus employee to be granted a CLIO award for the best USA television commercial.

During the month of July, the Company was well represented at the SIGGRAPH world computer graphics conference held in San Francisco. Omnibus was honoured to be one of the final entries selected out of 180 submissions representing the state-of-the-art to the assembled delegates. We were also engaged to animate the opening graphics for the SIGGRAPH "electronic film night" presentation to an audience of over 26,000 computer graphics artists and programmers.

On behalf of the Board,
OMNIBUS COMPUTER GRAPHICS INC.,

J.C.Pennie, President &
Chief Executive Officer.

August 15th 1985.

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CONSOLIDATED BALANCE SHEET
(unaudited)

	June 30, 1985	September 30, 1984*
	($000's)	
ASSETS		
Current		
Cash and short-term deposits	$ 284	$ 707
Accounts receivable	2,277	1,028
Prepaid expenses	298	322
	2,859	2,057
Fixed assets	9,812	8,890
Less accumulated depreciation	1,231	426
	8,581	8,464
Other assets	563	572
	$12,003	$11,093
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,074	$ 2,057
Deferred revenue	101	93
Current portion of long-term debt	589	398
	1,764	2,548
Long-term debt	5,956	5,383
Convertible debentures	1,100	
Shareholders' equity		
Share capital and warrants	6,379	5,269
Deficit, including cost of public share issue	3,196	2,107
	3,183	3,162
	$12,003	$11,093

*Condensed from audited financial statements

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1985 THIRD QUARTERLY REPORT
(Three months ended June 30, 1985)

CONSOLIDATED STATEMENT OF INCOME

	Three months ended June 30		Nine months ended June 30	
	1985	1984	1985	1984
	($000's)		($000's)	
Revenue				
Sales	$ 1,604	$ 532	$ 3,898	$ 1,350
Other income*	122		122	
	1,726	532	4,020	1,350
Operating costs	1,446	847	3,789	1,730
Operating profit (loss)	280	(315)	231	(380)
Depreciation	273	62	799	170
Interest	246	33	655	101
Loss before tax	239	410	1,223	651
Recovery of investment tax credits	147		147	
Loss for the period	$ 92	$ 410	$ 1,076	$ 651
Per share	2.2¢	12.1¢	30.9¢	21.0¢

*Gain on sale of fixed assets

GEOGRAPHIC BREAKDOWN OF INCOME

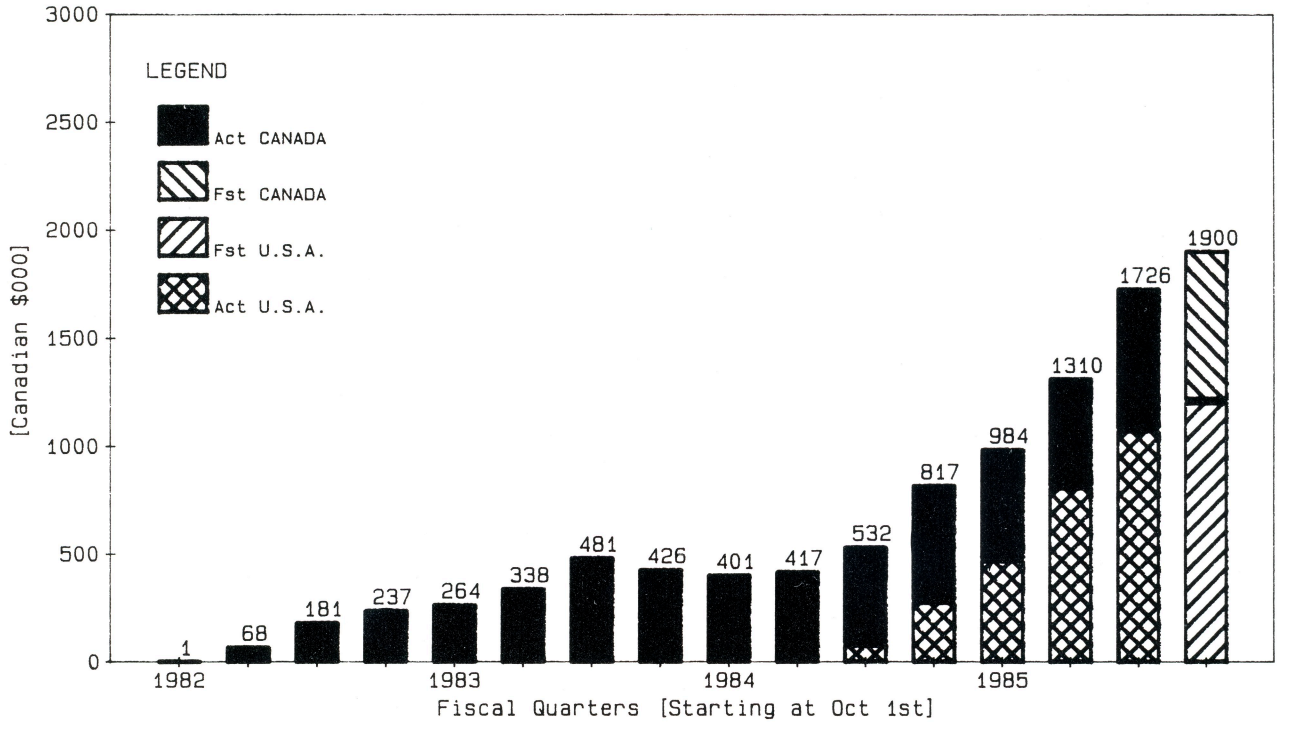
	Three months ended June 30		Nine months ended June 30	
	1985	1984	1985	1984
	($000's)		($000's)	
Canada				
Revenue	$ 656	$ 458	$ 1,690	$ 1,276
Profit (loss) for the period	$ (116)	$ (51)	$ (293)	$ (166)
United States				
Revenue	$ 1,070	$ 74	$ 2,330	$ 74
Profit (loss) for the period	$ 24	$ (359)	$ (783)	$ (485)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(unaudited)

	Nine months ended June 30	
	1985	1984
	($000's)	
Working capital derived from:		
Net loss	$ 1,076	$ 651
Add: Items not affecting funds		
Depreciation	799	170
	(277)	(481)
Decrease (increase) in other assets	27	(602)
Increase in long-term debt	714	1,851
Issue of convertible debentures	1,550	
Issue of common shares and warrants net of financing costs incurred	1,037	4,234
	3,051	5,002
Working capital applied to:		
Purchases of fixed assets net of disposals	765	4,350
Repayment of long-term debt	242	331
Repayment of convertible debentures	450	
Foreign currency translation adjustment	8	(113)
	1,465	4,568
Increase in working capital	1,586	434
Working capital deficit, beginning of period	491	462
Working capital (deficit), end of period	$ 1,095	$ (28)

QUARTERLY REVENUE

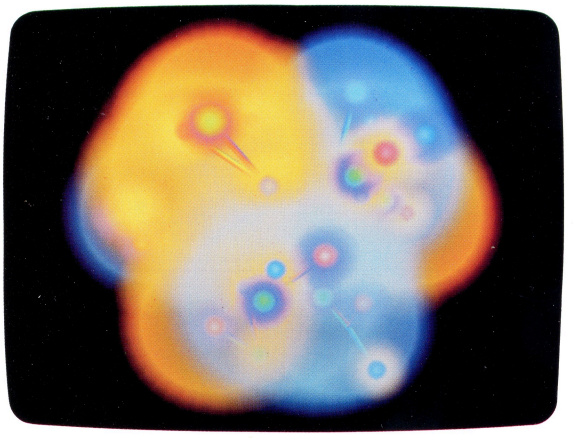
Actual and Forecast [1982 through 1985]
Consolidated CANADA / U.S.A.



FORECAST BALANCE OF 1985

	1984				1985			
	1stQ	2ndQ	3rdQ	4thQ	1stQ	2ndQ	3rdQ	4thQ
Revenue:($000's)								
Actual	401	417	532	817	984	1310	1726	-
Forecast	-	-	-	-	-	-	1650(2)	1900(2)
Net Income:($000's)								
Actual Canada	(49)	(66)	(51)	(205)(1)	(10)	(167)	(116)	-
Forecast	-	-	-	-	-	-	94(2)	195(2)
Actual U. S. A.	-	(126)	(359)	(467)	(579)	(228)	24	-
Forecast	-	-	-	-	-	-	(124)(2)	9(2)

Notes:
(1) Includes startup and expansion costs of second computer system, plus increases of $91,000 for depreciation and interest in the quarter.
(2) Estimates in the annual report, current estimate.



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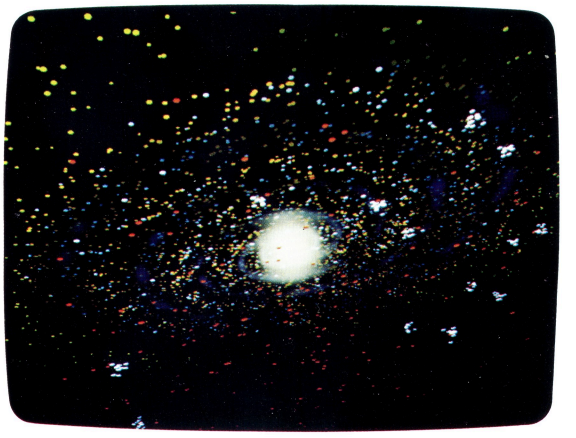

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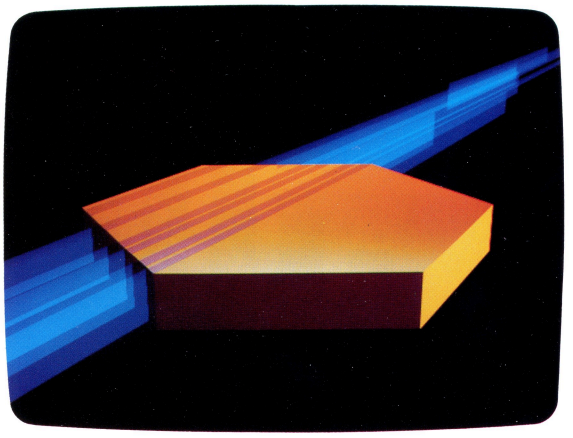

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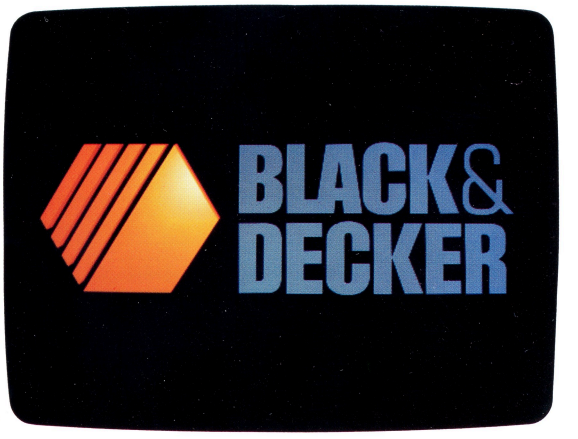

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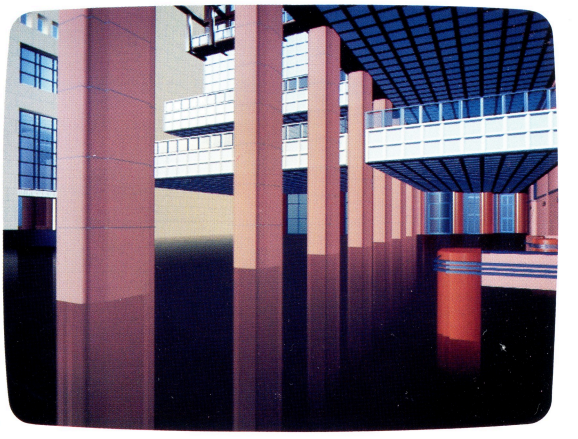
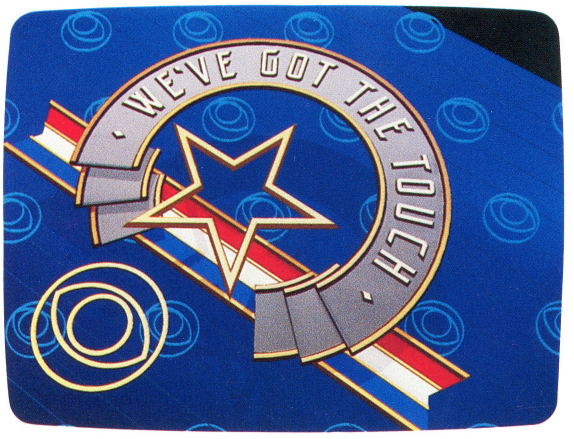


6

[1-2] CREATION OF THE UNIVERSE - a television special with 8 minutes of simulation completed at Omnibus Los Angeles, New York and Toronto. This one hour programmme hosted by the renowned author of Galaxies, Tim Ferris, is directed and produced by Geoffrey Haines-Stiles for Northstar Productions. Premiered in Japan in May it will be broadcast in North America this fall.

[3-4] BLACK & DECKER - a television commercial produced for Agency McCann-Erickson Publicidade Ltda. Brazil with complete computer simulation at Omnibus Toronto.

[5-6] SCOTIA PLAZA - a five minute film produced for the Campeau Corporation to promote the features of a 68 storey head office being built in downtown Toronto. Designed and produced in association with Cliff Bowman & Associates by Omnibus Toronto facilities.



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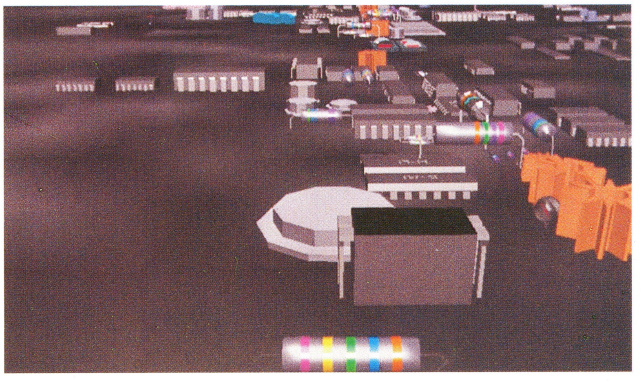

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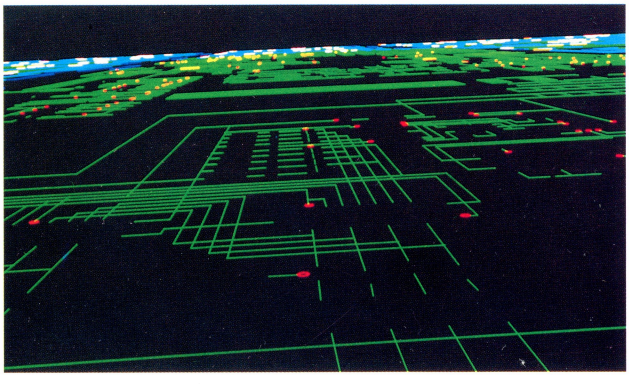

12

[7] CBS TELEVISION NETWORK - fall image campaign, including CBS network identification, movie openings, and affiliate station packages. Produced by Omnibus New York, Toronto and Los Angeles on both tape and film. Creative direction by Leprevost Corporation.

[8-10] SHELL OIL - produced for Standard, Ogilvy & Mather Publicidade Ltda. Brazil, in a series of four television commercials by Omnibus New York with digitizing support from Omnibus Toronto.

[11-12] EXPLORERS - for Paramount Pictures Corporation, directed by Joe Dante, Executive Producer Michael Finnell, with Visual Effects Coordinator Ralph Winter. Omnibus Los Angeles completed the dream sequences in Vistavision[c] on the F-1 system, and interactive computer systems were shot live on the movie set of Explorers.